

decline, and forced them to settle on his own terms.¹ With a great fund of gold at his command, it became possible also to adopt the means of regulating paper and silver currencies which has proved so effective in solvent countries in recent years—the sale of foreign exchange. As early as the autumn of 1892 the Department of Finance offered to buy exchange on Berlin at 2.18 marks and to sell at 2.20, shutting fluctuations, while this policy could be maintained, within the narrow limits of normal gold points.⁸

The argument for fixing the new gold unit at the current gold value of the paper rouble was strengthened by the fact that the metallic standard of the Empire had been, not gold, but silver. Neither metal was in circulation when Count Witte projected his reforms, but with his usual foresight he realized that gold was the proper standard for a modern commercial state surrounded by gold-standard countries. The adoption of gold, however, was a radical departure from old Russian legislation, so that it could not be properly contended that the government was under a legal obligation to raise the paper rouble to a parity with gold at its old ratio to silver. The law of 1842 had decreed that "the principal monetary unit, legal and invariable, of all the moneys having circulation in the country shall continue to be the silver rouble."¹³ It was in September, 1876, that de Reutera, the Minister of Finance of the day, suspended the free coinage of silver, and on the 10th of November following that he required customs dues to be paid in gold; but the definite adoption of the gold standard awaited the completion of the monetary reform in 1897.

That the gold standard could be established and main-

¹ *Vide* the author's *Principles of Money and Banking*, II., 363-64.

*Lorini, 82.

⁸ Lorini, 37. This writer calculates that, at the price of silver in 1897, redemption of a credit rouble in full in silver would have given to the holder 1.97 francs in gold value instead of the sum of 2.67 francs actually given by the monetary reform.—La R^eforme Monétaire